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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5921
INFO RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 8089
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 2245
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 4153
RUEHFK/AMCONSUL FUKUOKA IMMEDIATE 2278
RUEHNH/AMCONSUL NAHA IMMEDIATE 4703
RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 5876
RUEHKSO/AMCONSUL SAPPORO IMMEDIATE 3052
RUEHIN/AIT TAIPEI IMMEDIATE 6538
RUEAIIA/CIA WASHDC IMMEDIATE
RUALSFJ/COMUSJAPAN YOKOTA AB JA IMMEDIATE
RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE
RHEFDIA/DIA WASHINGTON DC IMMEDIATE
RHMFISS/DISA WASHINGTON DC IMMEDIATE
RHHMUNA/HQ USPACOM HONOLULU HI IMMEDIATE
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RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
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C O N F I D E N T I A L SECTION 01 OF 04 TOKYO 003453

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SUBJECT: RULING PARTIES TO TAKE A BEATING IN JULY 29
ELECTIONS

REF: TOKYO 3375

Classified By: AMBASSADOR J. THOMAS SCHIEFFER, REASONS 1.4(B),(D).

11. (C) Summary. A sense of resignation appears to have taken hold in the ruling LDP, as the latest polls and predictions point to the strong possibility that the ruling coalition might win fewer than 50 of the 121 seats up for election in the Upper House on July 29. The ruling parties need 64 seats to maintain a bare majority. Anything less will force them to seek out additional coalition partners from among minor parties and independents. Media polling, and extensive conversations with Embassy and constituent post interlocutors in Tokyo and in the electoral districts, reveal deep-seated dissatisfaction with Abe and the LDP over the pension issue, administration scandals, weak policies, and poor leadership. Lurking beneath the surface, particularly in rural areas, is anger over the consequences of the economic reforms undertaken by Abe's predecessor. Large numbers of voters remain undecided just days before the election, and turnout will play an important role. Prime Minister Abe's tenure could be at risk, but even if he survives, Embassy contacts predict, the next session of the Diet may be marked by serious turbulence. Ultimately, however, the ruling parties will remain in power, regardless of the outcome of this election, due to their overwhelming majority in the Lower House. End Summary.

12. (C) The past two weeks have seen significant erosion in the ruling Liberal Democratic Party's (LDP) prospects for success in the July 29 Upper House elections. Formerly safe districts in such conservative bastions as Kyushu, Shikoku, and the Hokuriku Region are now either too close to call, or have moved in the direction of the main opposition Democratic Party of Japan (DPJ). Voters nationwide are angry at Abe for his handling of the pension crisis and a series of administration scandals. Voters in rural areas are upset by increasing economic disparities with cities like Tokyo and Nagoya, which they see as the result of reforms initiated by Abe's predecessor. A sense of the LDP's desperation in the final days of the campaign can be sensed in remarks by former

Prime Minister Mori during a speech on July 25, suggesting that a vote for the opposition will play into the hands of the North Koreans.

The Latest Line

¶3. (C) Voters in the Upper House election will cast two votes, one for an electoral district candidate and one for a proportional representation candidate. There are 47 electoral districts, corresponding to Japan's 47 prefectures.

Each political party also puts forward a proportional slate for the single, nationwide proportional district. Voters can use their proportional ballots to vote for a party, or for an individual candidate on a list. A vote for an individual candidate on the proportional ballot doubles as a vote for the party, but the vote for an individual candidate increases that individual's chance of winning a seat. Proportional seats are apportioned to the parties according to the D'Hondt method. Individual seats within each party are determined by the number of votes each candidate receives.

¶4. (C) The following Embassy projections are based on an analysis of media polling and interviews with Diet members, party and government officials, and academics. Electoral district seats are denoted by a (D), and proportional representation seats are denoted by a (P).

Total Seats in the Upper House	242
Coalition Seats not up for Reelection	57
Opposition Seats not up for Reelection	64
Total Seats not up for Reelection	121

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Total Seats up for Reelection	121
Seats needed for Coalition to Maintain a Majority	64

	Safe (D/P)	Leaning (D/P)	Total (D/P)
LDP	26 (16/10)	11 (8/3)	37 (24/13)
Komeito	8 (2/6)	3 (2/1)	11 (4/7)
DPJ	42 (24/18)	16 (12/4)	58 (36/22)
JCP	3 (0/3)	0	3 (0/3)
SDP	2 (0/2)	0	2 (0/2)
PNP	1 (0/1)	1 (1/0)	2 (1/1)
Independent	1 (1/0)	1 (1/0)	2 (2/0)
Others	0	1 (1/0)	1 (1/0)
Subtotals	83 (43/40)	33 (25/8)	116 (68/48)

Coalition Subtotal	48 (28/20)
Opposition Subtotal	68 (40/28)

Toss-ups	5
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Total Seats	121 (60/48)
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LDP=Liberal Democratic Party
DPJ=Democratic Party of Japan
JCP=Japan Communist Party
SDP=Social Democratic Party
PNP=People's New Party (Kokumin Shinto)

Patching Together a Coalition

¶5. (C) Even in the unlikely event that the coalition wins all five toss-up races, the best that the ruling parties can hope for is to control 110 seats, 12 short of a majority. A coalition win of 112 seats or more leaves open the possibility that the LDP will be able to entice some or all of the minor parties and independents into joining the coalition to create a bare majority of 122 seats. A win of fewer than 112 seats means the coalition must look to chip away at disgruntled elements of the DPJ, a scenario that is gaining increasing currency in the press and among some

Embassy interlocutors, but is far from guaranteed.

¶6. (C) Two Upper House members severed their ties with the opposition camp earlier in the campaign -- one over policy disagreements and the other over candidate selection issues -- but Embassy contacts are not convinced that they will ultimately fall in with the coalition, particularly if they are condemned to remain in the minority. Leaders of the tiny People's New Party (PNP) -- former LDP members expelled from the party over their opposition to postal reform in 2005 -- have already sworn that they will never return to the LDP. Embassy contacts believe they are just maneuvering for position, however, and will eventually settle where they can have the most influence. DPJ contacts are convinced that the LDP will try to poach from among their members.

Latest Polls -- Opposition Gains Increased Momentum

¶7. (C) A Yomiuri poll conducted July 23 to 25 reflects voter distrust of the ruling party. Integrating the survey's findings with additional analysis, the Yomiuri anticipates that the LDP may win fewer than 40 seats, with the DPJ picking up as many as 60. The newspaper is quick to point out, however, that approximately 40 percent of voters have yet to make up their minds. The conservative Sankei, a staunch supporter of the LDP, predicts 44 seats for the LDP, 11 for Komeito, and 55 for the DPJ.

¶8. (C) The fourth in a weekly series of Nikkei Internet surveys, conducted from July 22 to 25, shows that LDP

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supporters continue to switch their allegiance to the DPJ, although in smaller numbers than previous weeks. Nikkei measured the same pool of 3,000 eligible voters every week for four weeks. Over the course of the month, 12 percent of LDP supporters switched their support to the DPJ in the proportional vote, according to the Nikkei poll. Of the undecided voters at the start of the series, 55 percent say they will now cast their vote in favor of the DPJ, and only 18 percent in favor of the LDP. In the electoral district races, over the course of the past month, 15 percent of LDP supporters have decided to vote for a DPJ candidate. (Comment: If this polling plays out in voter behavior, it could have a major impact on the races that are still too close to call, and sound the death knell for chances of building a majority. End comment.) Nearly three-quarters of respondents cite "lack of leadership" as the reason for not supporting the Abe Cabinet.

Voter Interest Continues to Grow

¶9. (C) Extending the Diet session and moving the election back one week into the summer vacation period was expected to lower voter turnout. Instead, voter anger over pensions, scandals, and inappropriate comments by administration and party officials has spiked interest in these elections. Over four million absentee ballots filed in advance of the election -- up 50 percent over the previous Upper House race, as of July 22 -- demonstrate that increased interest. The total number of absentee ballots is expected to exceed 10 million, compared to 7.17 million in 2004, and top more than 12 percent of the total votes cast.

¶10. (C) Voter turnout in the 2004 Upper House election was 56.57 percent. In 2001, at the height of the "Koizumi boom," turnout was 56.44 percent, down two points from 1998. An additional variable this year is the confluence of April's nationwide, unified local elections with the Upper House race, which happens only once every 12 years. Turnout in the 1995 Upper House election was only 44.5 percent. Most Embassy contacts expect turnout to settle in the upper 50s to low 60s. The conventional wisdom says that higher turnout favors the opposition in Japan, and disenchantment with Abe

and the LDP ensures that this year will be no exception.

¶11. (C) In the Nikkei's most recent poll, 90 percent of respondents said they were either very interested or somewhat interested in the elections. The same percentage indicated that they are planning to vote. Some analysts have told the Embassy that the polls have the potential to influence both the turnout and the vote in either direction. Perceptions that the opposition is way ahead may lead some LDP supporters to feel they no longer need to cast a protest vote against the ruling parties. This is especially true, given the fact that there has been no real shift in dispersion of voters along the ideological spectrum.

Abe's Post-Election Prospects

¶12. (C) Embassy contacts predict that Prime Minister Abe will stay on if the coalition wins enough seats to come close to a majority, as long as he has the ability to build working coalitions on individual bills. That, according to the theory, would give the LDP time to rebuild public support and come up with a viable replacement for Abe. Failure to win enough seats to build a coalition puts the ruling parties on much shakier ground in the Diet, and allows the opposition to apply greater pressure to dissolve the Lower House. Most media have used 44 seats -- the number won by former PM Hashimoto in 1998 before he was forced to step down -- as the magic number of seats the LDP must win in order for Abe to stay. Some Embassy contacts say even 40 seats might be

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sufficient, although Abe would be weak and the LDP would remain vulnerable. Anything is possible below 40 seats.

¶13. (C) A Kyodo report on July 24 indicated that LDP leaders will keep Abe in place, regardless of the outcome, and aim for a cabinet reshuffle in mid-September. Some Embassy contacts argue that even with a bad result, it is unlikely Abe will be forced out immediately after the elections, because the ruling parties will need time to try to build an expanded coalition. They will also want to avoid giving off the appearance that they are in crisis. A highly respected academic told the Embassy recently he expects Abe to survive at least through the end of the year. Diet rules say an extraordinary Diet session must convene within 30 days of an Upper House election. The Prime Minister sets the date, however, so Abe will still be in the driver's seat on timing.

¶14. (C) A loss in the Upper House has no impact on control of the government, in the near term, due to the overwhelming majority of the LDP-Komeito coalition in the Lower House and the ability of the Lower House to overrule the Upper House on legislation. With no clear majority for either the LDP or DPJ in the Upper House, however, the next Diet session could be marked by confusion and uncertainty, according to Embassy contacts. The DPJ has little to gain from cooperating with the LDP in Diet affairs, as it seeks to force an early Lower House election and use the momentum from its gains in the Upper House to gain control of the government, say Embassy contacts. The last time the Upper House was out of the hands of an LDP-led coalition, from 1989 to 1993, was a time of some political confusion. The Lower House has not used its power to overrule the Upper House on legislation since 1952.

The Mechanics of Change

¶15. (C) If Abe does resign, he will first need to step down as LDP President. LDP party rules will then determine the procedures for election of his replacement. Under new rules established in 2001, each LDP Diet member and LDP prefectural chapter must get one vote. The rules have been changed several times since then to accord the prefectural chapters additional votes. There is no reason that the procedures

cannot be changed again.

¶16. (C) In any event, Abe and his Cabinet would remain in place until the new LDP President is elected Prime Minister by a vote of both houses of the Diet. In the event the houses do not agree, the Lower House prevails. The ruling parties hold a greater than two-thirds majority in the Lower House, ensuring that the LDP will remain firmly in power until the next Lower House election. If Abe leaves office before his replacement is elected, Chief Cabinet Secretary Shiozaki is next in line, followed by Foreign Minister Aso.
SCHIEFFER